

Message Text

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SUBJ: PLANNED ADJUSTMENTS TO CIVIL SERVICE SALARIES

REF: (A) 76 CAIRO A-140; (B) 76 CAIRO A-146

1. BANNER HEADLINES IN LOCAL PRESS MARCH 15 ANNOUNCED NEW PROPOSED EMPLOYMENT LAW IMPLEMENTING REVISED CIVIL SERVICE PAY SCALE AND PROMOTIONS WITH SUBSTANTIAL BONUSES FOR STATE WORKERS. AL AHRAH REPORTED MARCH 16 THAT LAW WILL ALSO INCREASE MINIMUM CIVIL SERVICE WAGE TO LE 15 PER MONTH FROM PRESENT LEVEL OF LE 10. NEW LAW WAS HAILED AS PART OF SADAT'S PLAN TO ALLEVIATE FINANCIAL BURDENS OF CIVIL SERVANTS. PRESS EMPHASIZED PROVISIONS FOR INCENTIVE BONUSES AND LIBERALIZED PROMOTIONS.

2. UNDER PRESENT CIVIL SERVICE SYSTEM, AN EMPLOYEE IS ENTITLED TO YEARLY PERIODIC STEP INCREASES UNTIL SALARY REACHES MAXIMUM ALLOWABLE FOR HIS CATEGORY. EMPLOYEE'S SALARY IS THEN BLOCKED UNTIL HE IS PROMOTED. UNDER NEW PLAN ANNOUNCED BY DR. ALY ABDEL MEGID, MINISTER OF STATE FOR ADMINISTRATIVE DEVELOPMENT, EXISTING STRUCTURE OF ELEVEN GRADES (INCLUDING POST OF DIRECTOR GENERAL) WILL BE COMBINED INTO SIX. PERFORMANCE STANDARDS WILL BE ESTABLISHED AND SYSTEM OF EFFICIENCY REPORTS FOR EMPLOYEES INSTITUTED.

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3. NEW PLAN EVIDENTLY WILL HAVE ITS GREATEST INITIAL EFFECT ON EMPLOYEES WHO HAD REACHED MAXIMUM SALARY IN GRADE. BY COMBINING GRADE CATEGORIES, THESE EMPLOYEES WILL BEGIN TO RECEIVE PERIODIC STEP INCREASES AGAIN UNTIL THEY REACH NEW SALARY CEILING. FOR INSTANCE, GRADE SEVEN (EARNING APPROXIMATELY LE 240- 270 ANNUALLY) HAS BEEN COMBINED WITH

GRADES SIX AND FIVE (MAXIMUM SALARY APPROXIMATELY LE 780). THEREFORE, AN EMPLOYEE WHOSE SALARY HAS BEEN FROZEN AT LE 270 WILL NOT BE PERMITTED TO RECEIVE STEP AND QUALITY INCREASES UNTIL HIS SALARY REACHES LE 780). DRAFT LAW PROVIDES FOR POSTING OF TWO HEADS TO EACH ADMINISTRATIVE DEPARTMENT TO INCREASE CHANCE OF PROMOTION. ONE WOULD BE UNIT LEADER RESPONSIBLE FOR DISTRIBUTION AND SUPERVISION WHILE OTHER WOULD BE SPECIALIST RESPONSIBLE FOR UNIT'S STANDARD OF TECHNICAL PERFORMANCE.

4. IN ADDITION, NEW PLAN WILL ALLOW FOR INCENTIVE PAYMENTS AND PROMOTIONS TO AN UNSPECIFIED NUMBER OF EXCEPTIONAL EMPLOYEES TO BE CHOSEN BY EFFICIENCY REPORTS PREPARED THREE TIME A YEAR AND REVIEWED BY A "NEUTRAL" COMMITTEE. INCENTIVE PAYMENTS WILL EQUAL FROM ONE TO THREE PERIODIC STEP INCREASES, DEPENDING ON MERIT. NO EMPLOYEE WILL RECIEVE MORE THAN ONE QUALITY STEP INCREASE EVERY TWO YEARS. THOSE JUDGED "WEAK" WILL HAVE THEIR AUTOMATIC STEP INCREASES REDUCED BY FIFTY PERCENT. NEW PLAN ALSO PROVIDES FEMALE EMPLOYEES WITH THREE MONTHS MATERNITY LEAVE AT FULL PAY.

5. COMMENT. NEW PLAN IS PART OF GOE'S EFFORT TO DEAL WITH GROWING SENSE OF DISSATISFACTION WITH CURRENT ECONOMIC "SQUEEZE" EXPERIENCED BY MOST EGYPTIANS, PARTICULARLY IN GOVERNMENT. HEADLINES AND WIDESPREAD PRESS COVERAGE GIVE IMPRESSION OF IMMINENT GOE ACTION, BUT NO TIME FRAME WAS MENTIONED BY DR. MEGID FOR IMPLEMENTATION OF LAW AND IT HAS NOT YET BEEN PRESENTED TO PEOPLES ASSEMBLY. OUR IMMEDIATE IMPRESSION IS THAT IT MAY BE SOME TIME BEFORE WORKERS REAP BENEFITS OF THE NEW LAW.

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6. IT IS ALSO WORTH NOTING THAT PERIODIC STEP INCREASES ARE QUITE SMALL, AS ARE THE SALARIES THEMSELVES. THUS GRADE SEVEN, EXAMPLE USED IN PAR 3 ABOVE, GETS LE 1.50 PER MONTH ADDITIONAL. AT THAT RATE, IT WILL BE SOME TIME BEFORE THE NEW CEILING IS REACHED (ABOUT 28 YEARS IF ALL GOES WELL).

7. AS YET, THERE IS NO INDICATION OF GOE THINKING WITH REGARD TO PUBLIC SECTOR OR MILITARY PAY SCALES, AREAS THAT WILL NEED ATTENTION FOR SAME REASON AS CIVIL SERVICE. TWO SPECIAL COST-OF -LIVING ALLOWANCES HAVE BEEN PROVIDED OVER PAST FEW YEARS, DURING WHICH DISCUSSION HAVE CONTINUED ON REVISING CIVIL SERVICE STATUTES, BUT BASIC ISSUE REMAINS THUS FAR UNRESOLVED. MATTHEWS

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